

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 265505

62

ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 /020 R

666

DRAFTED BY: EB:JMDERHAM:JV

APPROVED BY: EB:JMDERHAM

----- 065074

R 081704Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

LIMITED OFFICIAL USE STATE 265505

FOR DEPUTY ASST SECRETARY JULIUS L. KATZ

FOL REPEAT OF ALGIERS 3283 TO SECSTATE INFO BONN JIDDA LAGOS
TEHRAN TRIPOLI NOV 6

QTE:

LIMITED OFFICIAL USE ALGIERS 3283

E.O. 11652: N/A

TAGS: ENRG, AG

SUBJECT: ALGERIAN OIL SALES--1976

1. GETTY OIL EXECUTIVES CURRENTLY IN ALGIERS TOLD
EMBOFF NOV 5 THAT THEY INFORMED BY SONATRACH THAT IT
HAD SOLD NEARLY 90 PERCENT--ALL BUT ABOUT 100,000 B/D--
OF 1976 PRODUCTION AVAILABLE FOR EXPORT.

2. EXECUTIVES NOTED THAT APPARENTLY FAVORABLE SALES
PERFORMANCE TO DATE DUE NOT ONLY TO RELATIVE PRICE
ADJUSTMENTS IN COMPARISON WITH OTHER MEDITERRANEAN
CRUDES WHICH ACCOMPANIED RECENT OPEC PRICE INCREASES,
BUT ALSO TO FACT THAT ALGERIAN AUTOMATIC PRICING SYSTEM
PROVING TO BE LESS ONEROUS THAN ORIGINALLY EXPECTED.
FOR EXAMPLE, ONE GETTY OFFICIAL NOTED THAT ALL OIL
CONTRACTS FOR 1976 APPEAR TO HAVE CLAUSE ALLOWING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 265505

CANCELLATION OF CONTRACT ON NINETY DAYS NOTICE BY EITHER

PARTY, RATHER THAN BEING LEGALLY BINDING FOR UP TO FIVE YEARS AS ORIGINALLY INDICATED.

3. MORE SIGNIFICANTLY, GETTY OFFICIALS NOTED THAT AUTOMATIC PRICING SYSTEM HAD GIVEN ALGERIANS MUCH MORE FLEXIBLE METHOD OF PRICING THEIR CRUDE. IN 1975, ALL SALES, WITH THE EXCEPTION OF BARTER DEALS, WERE BEING MADE AT THE OFFICIAL PRICE OF \$11.75 (\$12.75 IN LAST QUARTER). IN 1976, HOWEVER, PRICE SPREAD ON ALGERIAN OIL SALES LIKELY TO BE AS MUCH AS \$0.50 PER BARREL. THIS WAS BECAUSE OF FACT THAT UNDER NEW AUTOMATIC PRICING SCHEME, EUROPEAN CUSTOMERS WOULD BE SUBJECT TO ONE FREIGHT DIFFERENTIAL AND U.S. CUSTOMERS ANOTHER. LIKEWISE QUALITY DIFFERENTIALS WOULD VARY BETWEEN EUROPEAN AND AMERICAN CUSTOMERS BASED DESIRED YIELDS. GETTY OFFICIAL ADDED, HOWEVER, THAT RELATIVE BARGAINING STRENGTH OF CUSTOMER COULD ALSO FIGURE IN DETERMINATION OF 1976 OIL PRICE. STRONGER CUSTOMERS, FOR EXAMPLE, MIGHT PERSUADE SONATRACH TO "REINTERPRET" QUALITY STANDARDS FOR A PARTICULAR CONTRACT. ASKED IF THIS SYSTEM REPRESENTED DEPARTURE FROM OPEC STANDARDS, GETTY OFFICIAL SAID THIS NOT THE CASE. OPEC STANDARDS ON DIFFERENTIALS STILL VERY VAGUE.

4. ALTHOUGH GETTY OFFICIALS WERE NOT CERTAIN WHO MAJOR CUSTOMERS FOR ALGERIAN OIL WOULD BE IN 1976, THEY INDICATED THAT GERMAN FIRMS SEEMED ESPECIALLY INTERESTED IN ALGERIAN OIL AT PRESENT. PARKER UNQTE KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, SALES, EXPORTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE265505
Document Source: CORE
Document Unique ID: 00
Drafter: EB:JMDERHAM:JV
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750389-0892
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751162/aaaacdrz.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUN 2003 by ShawDG>; APPROVED <15 OCT 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALGERIAN OIL SALES--1976
TAGS: ENRG, AG
To: LONDON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006